

For Immediate Release

R270BN GOVERNMENT BONDS HELD BY THE CENTRAL DEPOSITORY CONVERTED FROM CERTIFICATED TO ELECTRONIC SECURITIES

In a joint project, the National Treasury and the Central Depository have converted all R270bn of government bonds held by the depository to electronic securities by dematerialising the certificates.

In future new bonds will be issued without certificates, using direct computer links between the National Treasury and the depository.

The implementation of both systems and the market procedures was smooth and seamless.

The dematerialisation process will further streamline the process of issuing bonds, an important instrument in Government's funding programme. It is also a further step towards facilitating a strip market in government bonds.

The Government is by far the largest issuer of bonds in South Africa, representing about 80% of the market.

This is the second major issuer whose bonds have been dematerialised in the Central Depository. In mid last year ESKOM was the first.

Investors who wish to withdraw bonds from the depository, and hold paper certificates, may still do so. There are, however, costs in converting from the electronic format, and only electronic bonds can be sold in the market.

"There will come a time when all securities are electronic, and certificates become a thing of the past", said Ray Ayres, CE of Central Depository. "The operating efficiencies of dealing with electronic securities are obvious, while risks associated with certificates, such as tainting through fraud and forgery are significantly reduced," he said.

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